

SENATE BILL No. 657

DIGEST OF INTRODUCED BILL

Citations Affected: IC 20-12.

Synopsis: University bonding authority. Permits state universities and colleges to issue bonds for a project without the approval of the general assembly if the debt service on the bonds is paid entirely from funds donated to the university or college. Permits state universities and colleges to issue bonds for up to \$20 million per campus for qualified energy savings projects. (Current law limits each university or college to \$10 million for all of the campuses of the university or college.)

Effective: July 1, 1999.

Alting, Wolf

January 22, 1999, read first time and referred to Committee on Finance.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 657

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 20-12-5.5-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) In addition to
3 projects authorized by the general assembly, the trustees of each higher
4 education institution may engage in any of the following projects so
5 long as there are funds available for the project and the project meets
6 any of the applicable conditions:

7 (1) Each project to construct buildings or facilities of a cost
8 greater than two hundred thousand dollars (\$200,000), or to
9 purchase or lease-purchase land, buildings, or facilities the
10 principal value of which exceeds one hundred thousand dollars
11 (\$100,000), must be reviewed by the commission for higher
12 education and approved by the governor upon recommendation of
13 the budget agency. If any part of the cost of the project as
14 specified in section 3 of this chapter is paid by state appropriated
15 funds or by mandatory student fees assessed all students and if the
16 project is to construct buildings or facilities of a cost greater than
17 five hundred thousand dollars (\$500,000), or to purchase or



1 lease-purchase land, buildings, or facilities the principal value of
 2 which exceeds three hundred thousand dollars (\$300,000), the
 3 project must also be approved by the general assembly. Nothing
 4 herein limits the trustees in supplementing projects approved by
 5 the general assembly from gifts or other available funds so long
 6 as approval for the expansion of projects is given by the governor
 7 on review by the commission for higher education and
 8 recommendation of the budget agency.

9 (2) Each repair and rehabilitation project must be reviewed by the
 10 commission for higher education and approved by the governor,
 11 on recommendation of the budget agency, if the cost of the project
 12 exceeds five hundred thousand dollars (\$500,000) and if any part
 13 of the cost of the project is paid by state appropriated funds or by
 14 mandatory student fees assessed all students. If no part of the cost
 15 of the repair and rehabilitation project is paid by state
 16 appropriated funds or by mandatory student fees assessed all
 17 students, the review and approval requirements of this subdivision
 18 apply only if the project exceeds one million dollars (\$1,000,000).

19 (3) Each project to lease, other than a project to lease-purchase,
 20 a building or facility must be reviewed by the commission for
 21 higher education and approved by the governor, on
 22 recommendation of the budget agency, if the annual cost of the
 23 project exceeds fifty thousand dollars (\$50,000).

24 (b) The review and approval requirements of subsection (a)(1) do
 25 not apply to a project to construct buildings or facilities or to purchase
 26 or lease-purchase land, buildings, or facilities if the project involves the
 27 expansion or improvement of housing for students undertaken entirely
 28 by a fraternity or sorority at the state educational institution.

29 **(c) Notwithstanding any other provision of this chapter, if a**
 30 **project is to be financed by bonds issued under IC 20-12-6-17(f),**
 31 **the project is not subject to review and approval by the general**
 32 **assembly.**

33 SECTION 2. IC 20-12-6-17 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 17. (a) Except for notes
 35 issued under section 8.5 of this chapter and except as provided in
 36 subsections (d), ~~and~~ (e), **and (f)**, no bonds shall be issued for a project
 37 by the corporations under this chapter unless the general assembly:

38 (1) has specifically approved the project to be financed through
 39 the issuance and sale of these bonds; and

40 (2) has provided the amount of bonds which may be issued to
 41 fund the costs of acquiring, constructing, remodeling, renovating,
 42 furnishing, or equipping the specific project approved.



(b) In addition to and in connection with the amount of bonds that may be issued by a corporation for a specific project as provided in subsection (a)(2), the corporations may also issue bonds in amounts necessary to provide funds for debt service reserves, bond or reserve insurance, and other costs without additional approval by the general assembly, if these costs are incidental to the issuance of bonds for the project.

(c) The bonds, regardless of when the amount of bonds was approved by the general assembly, may be issued in an amount not exceeding:

(1) the amount of bonds approved by the general assembly together with the amounts described in subsection (b); plus

(2) the amount of the discount below par value, if bonds are sold at a price below par value under IC 4-1-5-1.

(d) Bonds may be issued by a corporation without the approval of the general assembly if, after the issuance, the total amount of outstanding bonds issued by the corporation without approval will not exceed one million dollars (\$1,000,000). However, the bonds must be approved as provided in section 16 of this chapter.

(e) Bonds may be issued by a corporation without the approval of the general assembly to finance a qualified energy savings project (as defined in IC 20-12-5.5) if **the following conditions are met:**

(1) Annual operating savings to a corporation arising from the implementation of a qualified energy savings project are reasonably expected to be at least equal to annual debt service requirements on bonds issued for this purpose in each fiscal year.
and

(2) ~~The amount of bonds that may be issued by each corporation, other than refunding bonds and exclusive of costs described in subsections (b) and (c), does not exceed ten million dollars (\$10,000,000). After issuance, the amount of outstanding bonds (exclusive of costs described in subsections (b) and (c)) issued by a corporation under this subsection with respect to any one (1) of the corporation's campuses does not exceed twenty million dollars (\$20,000,000).~~

(f) Bonds may be issued by a corporation without the approval of the general assembly to finance the purchase or lease-purchase of land or the construction of or repair and rehabilitation of buildings or facilities if:

(1) the corporation has received written pledges for donations for the project in an amount equal to or greater than the estimated cost of the project; and



1 (2) the scheduled payment of the pledges is reasonably
2 expected to be equal to or greater than the annual debt service
3 requirements of the bonds for each fiscal year that the bonds
4 are outstanding.

5 (g) The amount of outstanding bonds issued by a corporation
6 for projects under subsection (f), excluding the costs described in
7 subsections (b) and (c), may not exceed fifteen million dollars
8 (\$15,000,000) at any time.

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